



GOODWIN Q+A WITH MIKE CAPLAN

FOR THE LEGAL INDUSTRY

THE RAPIDLY SHIFTING LAW FIRM: RESPONDING TO CLIENT NEEDS AND BUILDING TRUST

Goodwin Senior Counsel Brackett Denniston, former Senior VP and General Counsel at GE, recently sat down with Mike Caplan, Goodwin's Chief Operating Officer, to discuss the shifting demands on today's law firms and how to establish trust and transparency with clients. Prior to joining Goodwin, Caplan was global chief operating officer of Marsh & McLennan Companies' Corporate Legal, Risk and Compliance Departments. He was also the global director of operations for Goldman Sachs's Legal Department.

Brackett Denniston: How do you best partner with a law firm? How do you ensure a good partnership with a company?

Mike Caplan: The best way to achieve that is through transparency. The more transparent you can be with our clients about pricing, about staffing, pitches, how teams are made up, the better. We need to be proactive with our transparency and be up front with our clients about profitability and realization and pricing. In doing that, you create a true partnership. There are more firms competing for business, more RFPs. The best thing we can do is to invest in our clients, and to be as open about how we're going to help them achieve what they want to achieve. We're here to help them manage their risk as effectively as we can.

How do you go about establishing that transparency?

You have to really know your clients and the industry that they're in. When you're sitting down with a client, I think pricing is the first thing you need to discuss and how you're looking at staffing this matter and what the leverage model is and what does the client need. We also talk about legal project management, and we look at the needs of the client

and come up with different models with the client as a joint effort to establish how this matter will be achieved by both parties. That's different than just working on the matter and sending the client a bill. It has to be a partnership from the get-go, and it's up to the law firm to make it clear how that should work, side-by-side with the client.

How do you address the notion of profitability?

Clients want you to be successful. They want you to make money. But at the same time, they also want you to invest in their success. It's important for us to explain to clients that we see this as an opportunity to be profitable, if not in the short term then hopefully in the long term. If it's a big, bet-the-company litigation, I think the client would want to have the best law firm possible and make clear that they're investing in their future.

From the perspective of the in-house corporate legal department, how do you develop trust with a client?

It's always about being open with them. Whenever I am working with our lawyers on pricing, it's always about understanding risk, understanding our outcomes and being as proactive as we can to see what can we do best

to build this partnership to have clients achieve their goals and objectives. When it comes to RFPs, I look at that opportunity as a way to really differentiate yourself. It's not just about making sure you're on the panel. The RFP is a great opportunity to stand out. They're trying to build a list of law firms they can rely on as true partners.

What are some other ways firms can partner with their clients?

As a law firm today you have to think outside of the box all the time. First of all, diversity and inclusion is something we all talk about. At Goodwin, it's genuinely something we invest in. But it's also something that we struggle with, and it's an opportunity for us to partner with our clients to really understand what they are doing and how they might be doing things different than we're doing. We have to be focused on it for more than just the metrics. Being a diverse and inclusive organization is just the right thing to do. On the pro bono front, that's something we do really well as a law firm. But we also have an opportunity as a firm to partner more with our clients who perhaps don't do as much with pro bono. It's such a great way to work together and make you feel good about what you do every day. Whether you're on the client side or the law firm side, we should all do more to invest our time and resources on the pro bono side.

What are you really talking about when you talk about AFAs?

Every law firm says they do AFAs. What we have to understand is that it should be shared project management, shared investment and collaboration and communication, working together on roles and responsibilities on the matter to break it down into the detail that really helps the client achieve what they need to achieve at the best price. At other firms where they are using AFAs, the client may be getting certainty as to what they're paying and they may be getting a cap, but it may not be as cheap as it would have been had they used billable hours. Not all AFAs benefit the client. Not all AFAs benefit the law firm. Somebody's going to lose if they aren't working together. Done correctly, AFAs are a way to work together to understand staffing and understand what the outcomes need to be.

How do you foresee disruptions in technology – like artificial intelligence – impacting law firms and how they serve clients?

Artificial intelligence is in the media a lot right now. I can tell you at Goodwin we are doing more research in AI than ever before across a lot of different business units. What I am seeing is that it comes down to better understanding data and better managing your resources. But what we really have to focus on as a firm is what are the clients looking for from us to help them be successful. Legal departments and law firms have to use data together, invest in technology, take all of the information we have in our infrastructure and better determine outcomes.

How has the role of a law firm COO changed?

Today it's becoming very strategic. I believe law schools should be teaching the business of law and law firm management. The role of the professional staff, which is managed by the COO in law firms, needs to be expanded – whether it's artificial intelligence, AFAs or project management. And you as the COO need to know the pulse of what's going on, join roundtables and attend conferences and understand key benchmarking information around vendors and technology solutions. I also believe the role of the COO gives a corporate legal department to better understand the entire organization. Many corporate legal departments don't have their own technology officer or compliance or regulatory or finance. The role of the COO is to help them better identify the right resources to make their legal department as efficient as they can.

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